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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
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IN THIS ISSUE

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SUMMARY -- 1943 OUTLOOK

The over-all demand for farm products in 1943 will be considerably stronger than in 1942. Military food needs will increase. The amount of food furnished to allied and friendly nations under lend-lease in 1943 also is expected to increase over 1942. Domestic consumer demand for agricultural products will continue to rise along with industrial pay rolls and the further concentration of income in the lower brackets where a larger-than-average portion is devoted to the purchase of food.

Prices received by farmers at the beginning of 1943 were roughly 15 percent higher than the average for the full year 1942. The general average for the full year 1943 is expected to be approximately the same as it was at the beginning of the year. Prices paid by farmers for commodities, interest, and taxes advanced during 1942 and are expected to average higher in 1943 than the average for the full year 1942. The general level of prices received by farmers was approximately 115 percent of parity at the beginning of 1943, compared with an average of 103 percent in 1942 and 117 percent in 1917.

Agricultural production in 1943 is expected to increase over 1942. Crop production may be lower unless yields are again unusually high, but output of livestock products will continue to increase. Food production as a whole in 1943 may be 5 to 10 percent larger than in 1942. Such an increase would carry production of food above the 1935-39 average by more than a third and would be the eighth consecutive annual increase.

Larger sales of farm products and higher prices received in 1943 than in 1942 are expected to result in an increase in cash income from marketings. However, production expenses may increase about one-third as much as the increase in income from marketings and there will be an increase in the index of prices paid by farmers for commodities used in living. Thus the prospective

increase in real income is much smaller than in dollar income. Also, direct personal taxes will be much higher than in 1942.

Despite the prospect of large increases in military and lend-lease demand for farm products and of a civilian demand in excess of available supplies, rises in farm prices and income are not expected to be as great as those realized in 1942. Governmental authority to control prices has been broadened considerably and marketings of farm products will increase much less this year than last.

--January 18, 1943

DEMAND

The aggregate of military, lend-lease, and domestic consumer demand for farm products in 1943 will be substantially greater than in 1942. The greatest relative increase in domestic consumer demand will show up early in the year.

United States expenditures for war purposes are expected to increase from 52 billion dollars in 1942 to about 93 billion in 1943. However, scarcity of materials and workers will force further curtailment of production for civilian uses. The increase in industrial activity as a whole, therefore, will be less than in the production of war goods.

The manpower scarcity will become progressively more serious in 1943. Production of war goods is expected to require about 2-1/2 million more workers by the end of 1943 than there were by the end of 1942. Of this number around 1-1/2 million will be taken from nonwar occupations, exclusive of agriculture. The indicated net gain of around a million in nonagricultural occupations and about 3 million in the armed forces is expected to result in a reduction in unemployment of 1/2 million and to absorb the natural increase in the labor force of 0.5 to 1.0 million, plus around 3 million from the ranks of men and women of working age who would not normally seek employment. If additional gains in agriculture production are to be realized, farm employment cannot be appreciably curtailed. Nonagricultural employees are expected to receive close to 20 billion dollars more for their services in 1943 than in 1942. Higher personal taxes may take a considerable fraction of the increase.

Industrial activity may reach the wartime peak before the year's end. The shift from peacetime to wartime operation of many existing plants was accomplished in 1942 and by mid-1943 the war plant building program will be virtually completed. The rise in production may continue for a while after that, until these new plants get into full operation. During 1943 the trend of industrial activity, employment, and consumer income is expected to be different from what it was in 1942 when gains were relatively slow during the plant conversion period early in the year, becoming faster as the year progressed. This year gains may be larger than last until midyear, but before

the end of the year the rise may be slowed noticeably if not halted. Even in the first half, a substantial contraction in construction will be a partial offset to the rise in factory output of war goods.

THE GENERAL PRICE LEVEL

During 1943 changes in commodity prices will be even more dependent on governmental controls than in 1942. The Emergency Price Control Act of 1942 was approved January 30, but it was May before the Office of Price Administration placed wholesale and retail price ceilings over a broad list of items and October before the original act was strengthened to allow more inclusive control of agricultural product prices.

Price movements for the duration will not reflect fully the usual effect of changes in demand-supply relationships, although such changes when reflected in revision of governmental policies will influence prices. In 1943 domestic production of foods is expected to increase 5 to 10 percent above last year, but after increased military and lend-lease needs are met, the amount for civilians may be somewhat smaller. Domestic consumer demand, on the other hand will be stronger than in 1942 because: (1) consumer income is expected to increase 10 to 12 percent (after payment of personal taxes); (2) there will be a further concentration of income in the lower brackets where a larger-than-average portion of income is devoted to the purchase of food and other necessities; and (3) the volume of industrial products available to civilians will be further reduced.

Increased over-all demand relative to supply, together with price inducements to encourage increased farm production in 1943, is expected to maintain a substantially higher average level of wholesale and retail prices for agricultural products than in 1942. Nonagricultural product prices are expected to average only slightly higher in 1943 than in 1942.

FARM INCOME AND PRICES

The index of prices received by farmers in December was 178 and changes in central market prices since mid-December indicate a further rise in local market prices to farmers in mid-January. For the year 1942, prices received by farmers averaged 157 percent of the August 1909-July 1914 average. With prices at the beginning of 1943 about 15 percent above the average for 1942, price supports placed at higher levels to stimulate production, and further increases in demand for farm products in prospect, it is likely that prices in 1943 will average considerably above 1942. However, ceiling prices on most food products at wholesale and retail levels will tend to stabilize the prices of many farm products.

Although agricultural production in 1942 was much higher than in any previous year, a further increase now appears likely in 1943. Livestock production has been increasing rapidly since 1937. In 1942 it was 29 percent above the 1935-39 average, and a further sharp increase in production is expected for 1943. Unless crop yields should be above average, crop production in 1943 may be less than in 1942, but the combined crop and livestock production should be somewhat higher.

With farm prices now much higher than a year ago and marketings of both crops and livestock during the early months of 1943 expected to be much larger than in the same months of 1942, farm income is likely to continue to record substantial percentage gains over the corresponding months of last year. Should crop conditions be average or less and prices be maintained at about present levels, the percentage increase in income over the same months of last year will decline as the year progresses, but it now seems likely that total income from marketings in 1943 will be higher than in 1942. The largest gains in income are likely to be for those items which continue to increase in production such as hogs and poultry products, but it is probable that income from nearly all of the important agricultural products in 1943 will total more than in 1942.

Prices paid by farmers, interest, and taxes in December remained unchanged from November at 155 percent of the 1910-14 level. For the year as a whole, the index averaged 152. It now appears probable that prices of most commodities used in agricultural production in 1943 may be only slightly higher than in 1942, and some items will be available in smaller quantity. However, the quantity of feed purchased will be materially larger, and rent charges will be greater. As prices of labor and services have advanced substantially in the last year, their cost in 1943 will be much higher than in 1942. Thus, only a part of the expected increase in income from farm marketings will be available to farmers for family living, personal taxes, and investment.

COTTON

Cotton prices have continued to advance. Important stimulating influences have been attributed by some to; (1) the fact that the Government loan rate on cotton of the 1943 crop under present law will be higher than on the 1942 crop; (2) the reduced cotton acreage goal for 1943; and (3) trade expectations that a high level of domestic mill activity will continue for the duration of the war and for some time thereafter.

The farm price of cotton in December was 19.55 cents per pound, or 102 percent of parity. This was 33 points higher than in November and the highest since July 1928. Middling 15/16-inch cotton in the 10 markets averaged 19.67 cents in December, 40 points over November. The 10-market price pushed above 20 cents in late December and advanced to 20.49 cents on January 11, 92 points higher than a month earlier and the highest for a number of years.

WHEAT

Wheat prices on January 15 were 3 to 8 cents higher than a month earlier. The rise reflects increased purchases following the announcement on December 30 of the higher flour ceilings effective January 4. Compared with the wheat price equivalents of the flour ceiling levels, wheat prices at St. Louis (red winter) on January 15 were about 7 cents above and Kansas City (hard winter) 1 cent above, while prices at Portland (soft white) and Minneapolis (hard spring) were 4 and 6 cents below, respectively. This indicates relatively narrow millers' margins for red winter wheat but the short red winter wheat supply situation is being relieved by sales of this kind of wheat by the Commodity Credit Corporation and by receipts of white wheat which can be substituted for red wheat. Prices at St. Louis have recently been at

the highest levels since 1928 and have risen above ~~the parity~~ equivalent. Prices at Kansas City are the highest since May 1937. Market prices on January 15 were above loan values as follows: Minneapolis (hard spring), 2 cents; Portland, 4 cents; Kansas City, 9 cents; and St. Louis, 23 cents.

Approximately 60 million bushels of Commodity Credit Corporation wheat have been sold for feed since July 1, 1942, when Congress authorized the sale of 125 million bushels for such purpose during this fiscal year at 85 percent of the parity price of corn. With the current rise in corn prices and the increased demand by feeders, prices of feed wheat have become more favorable compared with corn, and it now appears that the total quantity of wheat authorized will be sold. This would be in addition to perhaps 100 million bushels fed on farms where grown and would result in a total larger than the record of 188 million bushels fed in 1931-32. With some increase expected in the quantity used for food, and substantial quantities being used for alcohol production, our total domestic disappearance promises to be the largest in our history. On the basis of these prospects and assuming continuation of moderate sized exports, the carry-over on July 1, 1943 may be about 700 million bushels compared with the record 627 million bushels in 1942. As was the case last year, a substantial part of the July 1943 carry-over will be controlled by the Government. This will again act as a price-supporting factor.

RICE

With most of the rice crops having been marketed, it appears that the United States price of rough rice at local markets in 1942-43 may average about $1.55 per bushel compared with $1.36 for the 1941 crop. The price at local markets in mid-December of $1.62 per bushel was the highest mid-December price since 1925 and compares with $1.47 in December 1941.

In the South, current markets for rough rice are characterized by firm holding of remaining stocks. At the same time, takings by mills have been restricted by the relatively narrow margin between prices of rough and maximum market values of milled rice. In California, offers in rough rice markets have been moderate and milling inquiry has been fairly active. Demand for milled rice in both the South and California has been active, and reports indicate that because of large sales to Government agencies mills have not been able to fill all orders for domestic distributors.

Total rice supplies in the 1942-43 marketing year are now indicated at 67 million bushels, consisting of carry-over stocks of .6 million bushels and a crop of 66.4 million bushels. Shipments to our possessions combined with exports to foreign countries in 1941-42 totaled about 24 million bushels, and it is expected that these will be larger in 1942-43. Requirements for food us in continental United States in 1941-42 were about 29 million bushels, compare with the 1935-39 average of 27 million bushels. To date this season, domestic takings have again been relatively large. As a result of this large demand, the carry-over at the end of the marketing year will be small. The production goal in 1943 is for a crop about the same as in 1942.

FATS AND OILS

Price control was partly effective in 1942 in preventing a recurrence of the rapid inflationary advance in prices of fats and oils that occured

in 1917. Demand for fats in 1942, as measured by consumer income, was stronger than in World War I, and supplies were limited by difficulty in obtaining imports. Prices of domestic fats and oils advanced about 27 percent during the year compared with a rise of 36 percent in 1917. Prices of imported oils were held practically unchanged. Demand will be even stronger this year than last.

Prices of nearly all fats and oils were at or near ceiling levels in December and early January. Flaxseed quotations have risen about 27 cents since the announcement November 30 of an increased support price for 1943-crop seed, and are now around the projected support level. Prices of linseed oil, which are not covered by ceilings, have advanced .6 cent per pound since November 30.

The quantity of fats and oils that may be used in the manufacture of margarine for domestic civilian consumption was increased effective January 1 from 110 to 180 percent of the 1940-41 average use. At the same time, the quota of fats and oils for soap was reduced from 88 percent to 84 percent of the 2-year average use. Use of edible fats or oils in the manufacture of most nonfood products is now prohibited.

The December estimate of the crop of peanuts picked and threshed in 1942 was 11 percent under the November indication. On the basis of a record fall pig crop and an indicated 1943 spring pig crop 24 percent greater than last year's, hog marketings may reach 100 million head in 1943, about 25 percent more than in 1942. Production of fats and oils from domestic materials is expected to total 11.7 billion pounds in 1943 compared with 10.1 billion pounds last year. Animal-fat production probably will reach 7.5 billion pounds in 1943, compared with 6.9 billion in 1942. Production of vegetable oils from domestic materials is expected to amount to approximately 4.2 billion pounds this year, compared with 3.2 billion last year.

CORN AND OTHER FEEDS

A maximum price has been established for corn by the Office of Price Administration by means of a 60-day freeze regulation, effective January 13. Ceilings were set at the highest prices reached during the period January 8-12 for corn sold in small local markets and at the highest price prevailing on January 11 for corn sold in recognized cash markets and on futures contracts. Cash corn prices at Chicago have advanced about 25 cents per bushel since late in October and 8 to 10 cents per bushel from the middle of December. On January 11, No. 3 Yellow at Chicago ranged from 95-1/2 to 100-1/2 cents per bushel. Cash prices of oats and barley have increased 3 to 6 cents per bushel since mid-December. Prices of most of the byproduct feeds are at about ceiling levels and have not changed materially during the past month. Supplies of oilmeal remain scarce at ceiling prices. Orders limiting oilmeal stocks of dealers and feed mixers to a 15-day supply and restricting the use of these feeds for fertilizer were recently announced by the Department of Agriculture to ease the oilmeal situation.

October-December disappearance of corn and oats was 16 percent greater than for that quarter a year earlier. Combined stocks of these grains on hand January 1 were 9 percent larger than on January 1, 1942. The rate of

wheat feeding has increased markedly in recent weeks, which may reduce somewhat the heavy rate of corn and oats disappearance. Carry-over of feed grains at the close of the 1942-43 marketing year is now expected to be about as large as at the beginning of the year.

The Department of Agriculture announced on January 8 that corn growers will be permitted to overplant their corn allotments this year without penalty provided that they have planted their goal for war crops. This will encourage larger production of feed grain for 1943-44, to meet increasing demand for feed. Corn loans will be available at the full rate in all parts of the country where farm storage is feasible. The price of barley from the 1943 crop will be supported at a level equal to its feeding value in relation to corn.

HOGS

Hog production in 1943 is expected to be substantially larger than the record production last year. According to the most recent estimates, the 1942 fall pig crop amounted to 43.7 million head, 23 percent larger than the previous record in 1941 and 60 percent above the 1931-40 average. Reports from farmers on December 1 indicated that the number of hogs over 6 months old at that time was much larger than a year earlier, reflecting the large spring pig crop last year. And the number of sows to farrow this spring is indicated to be over 12 million head. If the number of pigs saved per litter is average, the 1943 spring crop would be about 75 million pigs. If the estimated and indicated pig crops materialize, total hog slaughter in 1943 may reach the goal of 100 million head.

Hog production has been greatly stimulated in the past year and a half by the favorable hog-corn price ratio and the prospect for continued good hog prices. Strong domestic and war demands will continue to support hog prices at a high level throughout 1943. Although present ceiling prices on pork and lard will prevent a substantial rise in hog prices above present levels, the Department of Agriculture has assured farmers at least $13.25 for good and choice grade hogs, weighing 240 to 270 pounds, at Chicago until September 1944.

Hog prices have strengthened materially since early December, closely reflecting changes in the volume of marketings. Average price of butcher hogs at Chicago during the week ended January 9 was $14.60 per hundredweight, compared with $13.50 in early December and $11.40 a year earlier. The advance in hog prices was accompanied by rising corn prices and the hog-corn price ratio based on Chicago prices in early January was 15.8 compared with 15.7 a month earlier.

Inspected hog slaughter in December reached a new monthly record of 6.[illegible] million head, 35 percent larger than in November and 18 percent above December 1941. Inspected hog slaughter during 1942 totaled 53.9 million, 16 percent greater than 1941 and slightly larger than the previous record in 1923. However, the full increase in the 1942 spring pig crop has not yet shown up at the market.

CATTLE

Number of cattle on feed for market on January 1 was the largest on record. Although the number in the Corn Belt States was 3 percent more

than on January 1, 1942, the increase was partly offset by an 11 percent decrease in the Western States. The carry-over of long-fed cattle on January 1 was considerably smaller than a year earlier, and present indications are that the supply of such cattle during the first quarter of the year will be materially smaller than a year ago. Production of heavy cattle in 1943 probably will be less than in recent years.

Although slaughter of cattle and calves in 1942 set a new record, the number on farms January 1, 1943 was probably the largest on record. The large number of cattle now on farms and in feedlots is expected to result in a still larger slaughter during 1943 than last year. Attainment of the goal for total cattle and calf slaughter in 1943 of a little over 30 million head will depend to a large extent upon whether producers continue to hold cattle and calves for herd-building purposes.

Cattle and calf slaughter decreased seasonally in December and for the first time since last May, monthly cattle slaughter was smaller than a year earlier. During the holiday period, the weekly rate of inspected slaughter for both cattle and calves was the lowest since 1940. Inspected cattle slaughter in December of 1.0 million head brought the total for last year to 12.3 million, 13 percent larger than the previous record in 1941. Inspected calf slaughter in December totaled about 476,000 compared with 501,000 in November and with 457,000 a year earlier. Total inspected calf slaughter in 1942 was 5.8 million, 5 percent larger than in 1941.

The strong wartime demand for meats is expected to hold cattle and calf prices in 1943 at or near the highest prices permitted by ceiling prices for beef and veal. Hence, prices received by farmers for cattle in 1943 are expected to average a little higher than in 1942. Prices of lower grade cattle have strengthened in recent weeks, but prices of better grades continue near the levels of early December. The average price of good grade steers at Chicago in early January was $14.95 per hundredweight compared to $14.90 a month earlier and $12.75 the first week of 1942. Prices of feeder cattle have continued about steady since mid-December at a level a little below that in early December.

SHEEP AND LAMBS

Fewer lambs will be fed during the 1942-43 feeding season than the record number a year earlier. The number of sheep and lambs on feed for market January 1, 1943 totaled 6.8 million head, 2 percent smaller than in 1942 but larger than any other year. The record number on feed in the Corn Belt was more than offset by a decrease in other areas. Feeding operations were smaller in all 11 Western States except California and were sharply reduced in Colorado. Weather conditions in the Corn Belt through December were generally favorable for lamb feeding, but in some areas snow and wet weather were detrimental. Marketings of fed sheep and lambs during the next few months may be smaller than a year earlier, but total marketings may be larger if heavy marketings of mature sheep continue.

Slaughter of sheep and lambs declined during the holiday period to the lowest weekly rate since last summer, but was unusually large for the month. Inspected slaughter totaled 2.2 million head, 2 percent more than November and 38 percent more than for December 1941. Inspected slaughter during 1942

amounted to 21.6 million head, 3.5 million more than in 1941 and 4.0 million above the 1937-41 average. This large slaughter resulted from a liquidation of considerable numbers of ewes and ewe lambs, which ordinarily would have been retained for breeding stock. In November, 20 percent of inspected sheep and lamb slaughter consisted of sheep, compared with 9 percent a year earlier. The 1942 lamb crop was the second largest on record, but sheep numbers on January 1 of this year probably were somewhat less than the total a year earlier.

The maximum prices permitted by the recently revised lamb and mutton price regulation apparently are higher than the prices which prevailed last fall. However, mutton price ceilings were increased and sheep prices in 1943 will average somewhat higher than during the latter half of 1942.

Lamb prices have advanced since mid-December to the highest level since 1929. The average price of good and choice grade slaughter lambs at Chicago in early January was $15.70 per hundredweight, compared with $15.22 in mid-December and $9.70 a year earlier. Prices of slaughter ewes have advanced since early December when the original price ceilings were removed. The average price of good and choice grade ewes at Chicago in early January was about $8.25, compared with $7.00 in early December.

WOOL

Mill consumption of wool for civilian fabrics in the first half of 1943 will be somewhat larger than in the latter 6 months of 1942 if mills make full use of civilian quotas for the new period which begins February 1. For the coming period, increased consumption is permitted in the worsted section. Quotas for the woolen system and for the manufacture of floor coverings remain unchanged. Since early 1942, consumption of wool for civilian uses has been limited to specific percentages of consumption in the first half of 1941. The quantity of wool used for civilian goods during 1942 was about half the 1935-39 average.

Mill consumption of apparel wool for combined military and civilian uses totaled 969 million pounds (greasy shorn and pulled basis) in the first 11 months of 1942, about 100 million pounds larger than in the corresponding period of 1941. Consumption has been at a record high level during most of the past 2 years due to large military orders.

Quoted prices for low 1/4 blood and coarser domestic wools at Boston advanced 1 to 2 cents a pound (grease basis) in late December. Prices of other grades remained firm and unchanged. Average price received by farmers for wool on December 15 was 39.7 cents a pound, unchanged since September. The December price was 2.6 cents a pound higher than a year earlier.

In view of the large wool requirements for military purposes, the outlook for wool prices in 1943 is favorable. But with price ceilings now in effect, and with prices for most wools close to ceiling levels, prices in 1943 are not expected to change greatly.

DAIRY PRODUCTS

Much attention is being given to increasing milk production in 1943 above the record high 1942 level. However, the general scarcity of labor and strong competition from hogs for feed and labor, particularly in the Midwest, will make it difficult to expand production unless weather conditions are unusually favorable. Prices of dairy products, which will be supported through June 1944, will average considerably higher than in 1942, particularly during the summer months when a seasonal decline normally occurs.

Specific action was taken by the Department and other governmental agencies during the past month to restrict the supply of dairy products available for civilian consumption in 1943. With 30 percent of the production of creamery butter set aside for war use, civilian consumption of all butter on a per capita basis may be about 3 pounds (20 percent) smaller in 1943 than in 1942. The can limitation order on evaporated milk, issued recently by the War Production Board, will hold production at about 90 percent of the 1942 pack. With larger lend-lease and military requirements, civilian consumption per capita may be about three-fourths as large as in 1942. Ice cream production in January is being held at about 75 percent of last year's January production. Since the increased purchasing power of consumers at ceiling prices would normally bring about an increased consumption, the supply in relation to civilian demand is smaller than the above figures would indicate.

POULTRY PRODUCTS

Egg production in the months ahead will be much larger than a year earlier since about 9 percent more layers are on farms and the rate of lay probably will continue at a high level. Because of lend-lease and military demands, however, supplies for civilians will be no larger than a year earlier. Dried egg production has been declining but will increase as supplies of shell eggs become more abundant. Prices of most grades of eggs continue at temporary ceiling levels -- the highest prices reached in the September 28-October 2 period. In general, increased supplies have held prices of high quality eggs slightly below the ceilings. The egg-feed price ratio is favorable and in the coming spring period probably will be the most favorable on record.

On January 1, storage stocks of shell eggs were the smallest since 1933. Although holdings of frozen eggs were relatively large, combined stocks of eggs in storage also were the smallest since 1933. Large quantities of both shell and frozen eggs were used by drying plants in the last few months of 1942.

Production of chicks by commercial hatcheries is much larger than a year earlier, reflecting principally the strong demand for chicks from areas of specialized production of young chickens for meat. Advance orders for replacement purposes also are much larger than a year earlier. Because of the favorable egg-feed price ratio in prospect, the demand for chicks is likely to continue very strong.

The cents per pound ceilings for chickens, announced on December 18, generally are higher than the levels that prevailed under the temporary freeze

order. Actual prices advanced the maximum amount permitted and are materially higher than a year earlier. Prices of heavy young chickens are particularly favorable for farmers.

Supplies of poultry in the next few months, though at a seasonally low level, will be materially larger than a year earlier. Net withdrawals of poultry from storage started in mid-December, about 2 weeks earlier than usual. Holdings on January 1 were 9 percent smaller than a year ago, but larger than average.

TOBACCO

Sales on the Burley markets, between their opening December 7 and their closing for the holidays on December 22, amounted to nearly 180 million pounds. The average price of sales was 42.13 cents. All major buying interests have desired to purchase more leaf than last year, yet the crop of 331 million pounds (estimated as of December 1) is smaller than that of 1941. Consequently, prices of practically all United States standard grades were at ceiling levels. Much tobacco was arbitrarily allocated among buyers by auctioneers and speculative buying was on a large scale.

In order to provide for systematic distribution of the crop among buying interests, an allocation order, effective January 7, was issued by the United States Department of Agriculture under the terms of Food Order No. 4. Manufacturers will be permitted to purchase 1942 crop Burley in an amount not to exceed 90 percent of their average purchases from the crops of 1939, 1940, and 1941. Purchases already made from the 1942 crop will be counted against this allotment. Dealers are similarly treated with respect to purchases for their own account but buying orders from manufacturers executed by dealers are not counted as purchases for the dealers on account, but are chargeable to manufacturers' allocation. Manufacturers and dealers will compute their own allocations. Each must submit by January 18 a report showing his calculations as to the number of pounds of tobacco that may be acquired from the 1942 crop and the basis on which the computations were made. It is estimated that manufacturers' auction market allocation will account for somewhat less than 90 percent of the crop and that the remainder will be acquired by dealers. The markets reopened January 11 and selling continues at a rapid rate with prices for most grades at ceilings.

Prices received by producers for dark tobaccos are averaging well above a year ago. Sales of Virginia fire-cured type 21 up to January 8 totaled 4,400,000 pounds, the average price being 17 cents per pound. Marketing of Kentucky and Tennessee fire-cured leaf began in the markets in that area in the week January 4 to January 9. Price increases of from 1.5 to 3.5 cents per pound were shown on the majority of grades quoted. Averages of most grades were above the advance prices of the tobacco cooperative marketing associations, although some leaf was taken by the association in the western district. After the holiday season One Sucker type 35 and Green River type 36 markets reopened on January 4, with prices considerably above those for the 1941 crop. One Sucker markets have been particularly strong. Generally rising commodity prices, higher advance prices offered by the associations, and the byproduct diversion program of the Food Distribution Administration are important factors contributing to the rise in dark tobacco prices.

FRUITS

Civilian supplies of fruit for fresh use in 1943-44 probably will be about as large as those available in the 1942-43 season. However, civilian supplies of canned fruit from the 1943 pack (excluding juices) probably will be less than half the amounts available for civilians from the 1942 pack. Civilian supplies of canned fruit juices out of the 1943 pack will be materially less than those from the 1942 pack.

The commercial apple crop was estimated at 127.7 million bushels in 1942, about 5 percent larger than in 1941. Prices received by apple growers increased seasonally from $1.14 per bushel in October to $1.43 for the first half of December. Auction prices of Western apples on the New York and Chicago markets decreased slightly during the latter half of December. Cold-storage holdings of apples on December 1 were 35.7 million bushels compared with 31.2 million for the same month a year earlier.

Average auction prices of oranges on the New York and Chicago markets decreased during the latter half of December and early January, but were well above December prices of a year earlier. Indicated production of oranges on January 1 was 81.1 million boxes, 1.3 million smaller than last season. Orange production in California is indicated to be 12 percent below last season. Because of greatly increased consumer purchasing power and prospects for a smaller crop, prices may be expected to continue at or near ceiling price levels. The grapefruit crop is estimated at 46.9 million bushels, 16 percent larger than last season. Auction prices of grapefruit on the New York and Chicago markets were steady to somewhat lower during December.

On December 31, the Office of Price Administration announced maximum prices for fresh citrus fruits at all levels between the grower and the retailer. Ceilings at the packer level are in dollars and cents and prices at successive levels of distribution are controlled by fixed mark-ups over the packer price. The new ceiling was effective on January 11, 1943.

TRUCK CROPS

Indicated acreages of fall and early spring vegetable crops this season are about 9 percent lower than last and total tonnage indicated to date is 11 percent below last season for the same crops. Acreages indicated for fall snap beans, early cabbage, lettuce, onions, and spinach, and early season tomatoes are considerably below last season. Several other less important early vegetable crops are expected to be smaller than in 1942. Indicated production of fall and early carrots, early (1) snap beans from Florida, and fall tomatoes is greater than last season.

Wholesale prices of vegetables on the New York and Chicago markets continue well above last season. Prices of most fresh vegetables increased seasonally from September through the first half of December. Late December and early January prices were off slightly for carrots, celery, and spinach. Prices of most other vegetables were steady to higher. Relatively large carlot shipments so far this season may be attributed to early maturity of crops in winter vegetable areas rather than larger production.

Greatly increased consumer purchasing power and a reduction in the fall vegetable crop have been major factors contributing to the high level of vegetable prices. In view of the increased demand and prospects for a reduced early spring vegetable crop, vegetable prices generally may be expected to continue for some time at relatively high levels.

POTATOES

Potato prices are near the ceiling levels at western shipping points, and prices at northeastern and Midwest shipping points, although still below ceiling levels, have been increasing steadily since September. The heavy movement of potatoes by rail this season is attributable primarily to larger production and increased carlot shipments resulting from lack of motor trucks. However, production in late surplus States is only 3 percent above last year while shipments are about 20 percent larger than last season. In the Western States particularly, ceiling prices may have been a contributing factor to the relatively heavy movement of potatoes. The estimated 1942 potato crop of 371 million bushels is only 4 percent larger than the relatively small crop of 1941, and is small in view of greatly expanded Government and civilian demands.

The 1943 commercial early potato crop in south Florida and Texas is 19 percent above 1942 and indicated acreage in north Florida and Lower Valley of Texas is 15 to 20 percent above last year. Early potatoes account for a very small portion of the total potato crop.

SWEETPOTATOES

Wholesale prices of Goldens and Jerseys from Atlantic Coast States during recent months were below those for last season, while prices for Puerto Ricans and Nancy Halls from central producing States, on both the Chicago and New York markets, were higher than in 1941. Sweetpotato prices on the Chicago market were generally stronger than in New York. The crop in the Central Atlantic and Lower Atlantic States was about one-fourth larger than in 1941, and in the Central States was 9 percent smaller. This variation in the supply picture and the ~~apparent lack of variety substitution,~~ as well as possible quality differentials, were of primary importance in determining the price pattern. Relatively favorable prices may be expected to continue for Nancy Halls and Puerto Ricans.

DRY EDIBLE BEANS

Dry bean prices are being supported at $5.35 per 100 pounds for U. S. No. 1 grade in carlots f.o.b. country shipping points and at $5.20 for U. S. No. 2 grade. Prices of U. S. No. 1 dry beans are averaging somewhat above the support levels, although quantity sales are being made at the Government support prices. The dry bean crop was estimated in December at 19.6 million bags, only a million bags larger than in 1941, but a record crop. In view of greatly expanded consumer purchasing power and noncivilian demands, it seems likely that bean prices generally will continue at or very near ceiling price levels. Because of greatly increased requirements, the Department is asking that at least 2,800,000 acres be planted in 1943, compared with about 2,100,000 acres planted in 1942.

ECONOMIC TRENDS AFFECTING AGRICULTURE

INDEX NUMBERS: INDICATED BASE PERIOD = 100

YEAR AND MONTH	INDUSTRIAL PRODUCTION[1]	FACTORY EMPLOYMENT[2]	FACTORY PAY ROLLS[2]	INCOME OF INDUSTRIAL WORKERS[3]	CASH INCOME FROM FARM MARKETINGS[4]	WHOLESALE PRICES OF ALL COMMODITIES[5]	RETAIL FOOD PRICES[6]	COST OF LIVING URBAN[7]	PRICES RECEIVED BY FARMERS[8]	PRICES PAID BY FARMERS[9]	PRICES PAID BY FARMERS, INTEREST AND TAXES[9]	RATIO OF PRICES RECEIVED TO PRICES PAID INCL. INTEREST & TAXES
Base period	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1910-14*	*1910-14*	*1910-14*	*1910-14*
1929	110	108	127	134	142	118	133	122	146	154	167	87
1930	91	94	103	110	113	107	126	119	126	146	160	79
1931	75	80	78	85	80	91	104	109	87	126	140	62
1932	58	68	54	59	59	80	86	98	65	108	122	53
1933	69	75	58	61	67	82	84	92	70	108	118	59
1934	75	88	74	77	79	93	94	96	90	122	128	70
1935	87	93	86	87	89	99	100	98	108	125	130	83
1936	103	101	99	100	105	100	101	99	114	124	128	89
1937	113	111	118	117	111	107	105	103	121	131	134	90
1938	89	93	91	91	96	98	98	101	95	123	127	75
1939	108	102	106	105	99	96	95	99	93	121	125	74
1940	123	110	122	119	105	98	97	100	98	122	126	78
1941	156	133	176	166	141	108	105	105	122	131	134	91
1942	--	--	--	--	--	--	--	--	157	152	152	103
1941												
Dec.	168	141	204	192	168	116	113	110	143	142	143	100
1942												
Jan.	172	142	217	203	180	119	116	112	149	146	146	102
Feb.	172	143	215	202	180	120	117	113	145	147	147	99
Mar.	172	144	216	203	175	121	118	114	146	150	150	97
Apr.	173	146	224	212	191	122	120	115	150	151	151	99
May	175	147	233	219	188	123	122	116	152	152	152	100
June	176	149	241	226	192	122	123	116	151	152	152	99
July	180	151	258	240	192	122	125	117	154	152	152	101
Aug.	183	153	263	244	204	123	126	118	163	153	152	107
Sept.	185	155	268	247	208	124	127	118	163	154	153	107
Oct.	188	157	273	250	211	124	130	119	169	155	154	110
Nov.[10]	192	159	291	263	225	124	131	120	169	156	155	109
Dec.[10]	194	--	--	--	--	--	133	--	178	156	155	115

[1]Federal Reserve Board, adjusted for seasonal variation. Revised September 1941.

[2]Based on Bureau of Labor Statistics data, adjusted for seasonal variation (employment adjusted by Federal Reserve and pay rolls by Bureau of Agricultural Economics). 1939 to date revised.

[3]Adjusted for seasonal variation. Includes factory, railroad, and mining employees. Revised January 1943. To convert to 1924-29 base, multiply by 78.0744 percent.

[4]Adjusted for seasonal variation. Revised from January 1935 to date and placed on a 1935-39 base.

[5]Bureau of Labor Statistics, 1926 = 100 converted to 1935-39 = 100 by multiplying by 124.069 percent.

[6]Bureau of Labor Statistics.

[7]Bureau of Labor Statistics. Index numbers of cost of goods purchased by wage earners and low-salaried workers in large cities.

[8]August 1909-July 1914 = 100.

[9]Annual figures are straight averages of 12 monthly indexes, 1923-41.

[10]Preliminary.

Note: In comparing trends between industrial production and industrial workers' income, as indicated by the above index numbers, notice should be taken of the fact that income of railway workers, as well as incomes of mining and factory workers, is included in the index of industrial workers' income, whereas the industrial production index is based on mining and manufacturing only. Similar precautions are necessary in comparing trends between industrial production and factory employment and pay rolls. Another consideration of importance is that the production index is based on volume, whereas the income indexes are affected by changes in wage rates as well as by time worked. In comparing monthly indexes it is important to keep in mind the fact that there is usually a time lag between changes in volume of production and similar changes in employment and in workers' income.

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